

AMENDED IN ASSEMBLY JANUARY 19, 2010
AMENDED IN ASSEMBLY SEPTEMBER 3, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

Assembly Joint Resolution

No. 23

Introduced by Assembly Member De Leon
(Coauthors: Assembly Members Ammiano, Block, Carter, Chesbro,
Eng, Evans, Feuer, Fong, Hernandez, Jones, Krekorian, Mendoza,
Monning, Nava, Salas, Skinner, Swanson, and Torlakson)

July 24, 2009

Assembly Joint Resolution No. 23—Relative to the economy.

LEGISLATIVE COUNSEL'S DIGEST

AJR 23, as amended, De Leon. Economic crisis.

This measure would urge the Congress of the United States and the federal administration to work with the Governor and the Legislature of the State of California to, among other things, provide federal loan guarantees, flexibility with respect to certain programs, and certain funding levels for vital programs, as specified.

Fiscal committee: no.

- 1 WHEREAS, California is suffering a historic financial crisis
2 triggered by a global financial market meltdown ~~largely created~~
3 ~~by America's banking industry~~; and
4 WHEREAS, As a result of this global financial *market*
5 meltdown, California is suffering from its highest unemployment
6 rates in history, rates higher than the rest of the nation, and has
7 ~~some~~ *one* of the nation's highest foreclosure rates with an
8 unprecedented collapse in property values; and

1 WHEREAS, ~~Skyrocketing~~ *Due to skyrocketing* unemployment,
2 falling property values, and quickly eroding personal income levels
3 ~~have triggered state revenues in California to drop~~ *California's*
4 *state revenue has dropped* nearly 30 percent over the past two
5 years; and

6 WHEREAS, California is the largest state in the nation, making
7 up one-eighth of the nation's population and one-seventh of the
8 nation's economy; and

9 WHEREAS, California has historically been ~~a so-called~~
10 *considered a* donor state that contributes more in the way of federal
11 tax dollars than it receives in federal support; and

12 WHEREAS, California ~~generally receives less than 80~~ *receives*
13 *78 cents back on every dollar it sends to support the federal*
14 *government while other states, such as Mississippi, Alabama, and*
15 *West Virginia, and several other states receive more than twice*
16 *that amount in federal aid; and*

17 WHEREAS, As a result of this fiscal crisis, California has been
18 forced to make billions of dollars of cuts to critical education,
19 health care, and local government programs that have significantly
20 undercut the impact of the recent federal stimulus initiative *created*
21 *by the President and Congress; and*

22 WHEREAS, California has repeatedly and unsuccessfully
23 requested greater federal flexibility with various state programs
24 receiving federal funding that would help blunt the crushing effects
25 of this global financial crisis at little to no cost to the federal
26 government; and

27 WHEREAS, *Wall Street benefited from a \$700 billion bailout*
28 *package of taxpayer funds and continued to give out obscene*
29 *bonuses, while failing to adequately address the housing crisis;*
30 *and*

31 WHEREAS, *The justification for the investment of public moneys*
32 *in the financial industry was to prevent a collapse of the financial*
33 *sector and encourage greater lending to businesses and*
34 *individuals; and*

35 WHEREAS, *Main Street has directly suffered from the financial*
36 *chaos caused by Wall Street through foreclosures, lack of credit,*
37 *and the increased costs of goods and services; and*

38 WHEREAS, While California has made many difficult budget
39 choices, the federal government has been reluctant to take action
40 ~~to assist the state despite the fact that this global fiscal crisis was~~

1 largely triggered by Washington's collective failure to properly
2 oversee and regulate the financial markets that ran amok while
3 amassing incredible personal fortunes for company executives and
4 ultimately wiping out decades of hard earned savings by working
5 people and pensions funds throughout the world; and

6 WHEREAS, Washington quickly came to the rescue of the
7 banking industry, investing \$700 billion in the nation's banks as
8 well as providing loan guarantees and approving huge bonuses
9 with taxpayer funds to banking executives who had just ran these
10 companies into insolvency believing it was necessary to keep those
11 institutions working; and

12 WHEREAS, Washington rescued floundering auto
13 manufacturers spending billions of taxpayers dollars to prop up
14 those private sector companies and preserve the jobs of the workers
15 employed by those companies; and

16 WHEREAS, Despite having just taken ownership interest stakes
17 in several large corporations in order to prevent the acceleration
18 of this financial meltdown, and that several of those corporations
19 are now reporting record profits, are planning on providing
20 enormous employee bonuses, and are paying back their government
21 loans, the administration and Congress have largely turned a blind
22 eye to the financial meltdown of its biggest revenue contributor,
23 California; and

24 WHEREAS, One such company that benefited from federal
25 loan guarantees and recently paid off its government assistance
26 and repurchased its stock owned by the federal government,
27 Goldman Sachs, has announced that it is on pace to pay its
28 employees an average of \$773,000 this year, more than double
29 what it paid last year; and *to assist the state, while quickly coming*
30 *to the aid of private industry; and*

31 WHEREAS, California by itself is one of the world's largest
32 economies, with the nation's greatest public higher education
33 system that serves as the intellectual, agricultural, technological,
34 and creative engine for the rest of the nation, but ~~is suffering~~
35 *California continues to suffer* from an unprecedented economic
36 recession creating a significant drag on the national economy that
37 is threatening to stall the national economic recovery; and

38 WHEREAS, California's parents are deeply concerned about
39 their children's education, health, and safety WHEREAS,
40 Californians are deeply concerned about the future of California's

1 *education and health systems*, which is why they cannot understand
2 why, in the midst of this unprecedented crisis, ~~Washington the~~
3 *federal government* is resisting providing assistance to California,
4 ~~but is spending their tax dollars then allowing tax dollars to be~~
5 *spent* on enormous bonuses to banking executives who helped
6 trigger this financial crisis; and

7 ~~WHEREAS, California's parents also have the same dreams~~
8 ~~and aspirations for their children as parents in West Virginia,~~
9 ~~Alabama, and Mississippi, which is why they cannot understand~~
10 ~~why in the midst of this crisis the federal government is sending~~
11 ~~their tax dollars to benefit kids in those other states, while funding~~
12 ~~for their own schools is being slashed, triggering massive teacher~~
13 ~~layoffs, larger class sizes, delays in purchasing new textbooks, and~~
14 ~~significantly higher tuition costs at California public universities;~~
15 ~~and~~

16 WHEREAS, While California taxpayers subsidize other states,
17 the federal government could substantially assist this state by
18 updating funding formulas for key state programs, such as
19 Medi-Cal, which are currently based on outdated data that do not
20 reflect current economic circumstances; and

21 WHEREAS, The federal government could take ~~many~~ additional
22 actions that would not add to its deficit, ~~such as allowing the state~~
23 ~~own deficit, such as allowing California~~ greater flexibility to draw
24 down federal funds, ~~allowing more flexibility for meeting~~
25 ~~maintenance of effort requirements, and~~ *and* providing credit
26 enhancements on state debt just as they have done for major banks;
27 and

28 WHEREAS, California is not asking for a bailout, ~~but a fair~~
29 ~~shake:~~ *is asking for due consideration and acknowledgment that*
30 *California has borne the brunt of this financial shock; and*

31 WHEREAS, California has been the federal government's biggest
32 financial supporter for decades, but in this historic financial crisis
33 triggered by events in Washington, *D.C.* and on Wall Street,
34 California needs to retain more of its tax dollars to assist ~~it~~ *its* own
35 residents, or at a minimum obtain some financial flexibility from
36 the federal government ~~that it helps underwrite and support~~; now,
37 therefore, be it

38 *Resolved by the Assembly and the Senate of the State of*
39 *California, jointly*, That the Legislature of the State of California
40 strongly urges the Congress of the United States, its congressional

1 delegation, and the administration to work with the Governor and
2 the Legislature of the State of California to provide federal loan
3 guarantees to help make necessary short-term borrowing more
4 affordable to California taxpayers, provide the state with more
5 flexibility to accelerate the drawdown of federal benefits and
6 matching grants, ~~provide more flexibility for the state in meeting~~
7 ~~its maintenance-of effort requirements~~, and provide funding levels
8 for vital programs that fully recognize the unique and devastating
9 circumstances facing this state during the economic crisis; and be
10 it further

11 *Resolved*, That the Chief Clerk of the Assembly transmit copies
12 of this resolution to the President and the Vice President of the
13 United States, to the Speaker of the House of Representatives, and
14 to each Senator and Representative from California in the Congress
15 of the United States.